

Agenda Item #2



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

To: Commission Members
From: Jonathan Wayne, Executive Director
Date: September 13, 2007
Re: Recommended Referral of Rep. William R. Walcott to the Maine State Attorney
General for Possible Criminal Prosecution

Selection of Rep. William R. Walcott for Audit by Ethics Commission

Rep. William R. Walcott (House District 72, representing a part of Lewiston) was a Maine Clean Election Act (MCEA) candidate in the 2006 elections and was re-elected to a third term. He ran previously as a MCEA candidate in 2004 and as a privately financed candidate in 2002. In 2006, he received a total of \$4,874 in MCEA funds. In campaign finance reports filed on November 1 and December 19, 2006, Rep. Walcott reported making seven campaign expenditures totaling \$2,933.44. This was the entire amount he reported spending on his campaign. He was required to return the unspent balance of the MCEA funds (\$1,940.56) by December 19, 2006.

While most MCEA candidates are selected for audits randomly, Rep. Walcott is among a very small number of 2006 candidates who were selected for an audit due to non-compliance with Commission procedures. Candidate Registrar Sandy Thompson suggested an audit of Rep. Walcott's campaign because he was 48 days late in returning unspent campaign funds after the election. Commission Auditor Vincent W. Dinan initiated the audit by requesting that Rep. Walcott submit bank statements and records of campaign expenditures by August 28, 2007.

It should be noted that the Commission requires MCEA candidates to report every expenditure of public funds they make, and that all reported expenditures are reviewed by the Commission's auditor for compliance. In addition, 20% of legislative candidates in 2006 received a thorough audit which requires them to submit documentary proof from vendors of the specific campaign goods and services purchased and proof that the vendors received payment.

August 28, 2007 Meeting with Rep. Walcott and Counsel

David Van Dyke, Rep. Walcott's attorney, contacted me on August 27th, the day before the deadline to submit audit documents, and proposed a meeting the following day. When we met on August 28, Rep. Walcott admitted that the seven expenditures, totaling \$2,933.44, in his campaign finance reports were completely fabricated. He stated that, in fact, he made no financial expenditures in connection with his 2006 campaign because his re-election was "safe." Rep. Walcott also admitted that he began spending the MCEA funds in the summer of 2006 and eventually spent the entire amount he received (\$4,874).

Rep. Walcott declined to account for his actual use of MCEA funds. Regardless of how he actually used the funds, it is a violation to use MCEA funds for any purpose unrelated to the candidate's campaign. His counsel explained that during 2006 the candidate was in "modest financial" circumstances. Neither offered any other explanation for Rep. Walcott's conduct.

The Representative said that he applied for MCEA funding in April 2006 expecting to spend the money on legitimate campaign expenses. He said that he later decided that he did not want to be re-elected, and hoped that his party would find another candidate in his district. When the party was unable, he agreed to continue being a candidate in the general election. He said that he did not conduct door-to-door campaigning, but he participated in some traditional candidate functions such as attending a candidate forum and responding to a candidate questionnaire.

On September 5, 2007, Rep. Walcott returned \$2,933.44 to the Commission. All MCEA funds paid to him have been recovered. Unfortunately, we find no reason to believe that he would have returned this money had he not been audited by the Commission.

Staff Recommendations

Rep. Walcott's actions represent very serious wrongdoing. First, he spent money that the public entrusted to him for his political campaign on expenses that had nothing to do with his campaign. Second, he knowingly filed false statements with the state agency responsible for managing this program. Without some additional explanation from Rep. Walcott regarding his conduct and intentions, a plausible conclusion to draw from these facts is that he reported false expenditures in order to conceal his misuse of funds and to avoid repaying them.

The staff recommends that you refer this matter to the Office of the Maine State Attorney General for possible criminal prosecution. Rep. Walcott's actions could also subject him to large civil penalties by the Commission for violations such as submitting false campaign finance reports and spending MCEA funds for purposes that were not related to his campaign. However, the staff recommends deferring any consideration of civil penalties until after the Attorney General's Office reaches a conclusion on whether to initiate criminal prosecution.

Impact on Public Confidence in State Government

Rep. Walcott's conduct, while disturbing, is not representative of the overwhelming majority of candidates for the Maine Legislature. Most candidates – both privately and publicly financed – are conscientious in their use of campaign funds and in filing accurate reports with the Commission. They are motivated by a genuine interest in serving their state and their communities, and care about the legislative institution they hope to join. They earnestly want to win their races and are loathe to spend their scarce financial resources frivolously.

All of these factors contribute to the very responsible and compliant nature of legislative campaigns in Maine – including candidates' use of public campaign financing. In the 2004 and 2006 elections, 621 general election candidates were publicly funded under the MCEA. Only six out of 621 candidates (about 1%) intended to use and to keep MCEA funds for personal expenses. While many Mainers will be dismayed by Rep. Walcott's misuse of public funds, it should be viewed as an isolated incident of one person's ethical lapse and should not tarnish the many dedicated individuals who choose public service at a sacrifice to them and their families.

For Commission
use only

data entry

proofread

follow-up

STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES

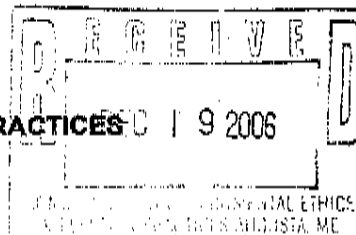
Mail: 135 State House Station, Augusta, Maine 04333-0135

Office: 242 State Street, Augusta, Maine

Tel: (207) 287-4179 Fax: (207) 287-6775

Website: www.maine.gov/ethics

Electronic Filing: www.maine.campaignfinance.com



2006 CAMPAIGN FINANCE REPORT
MAINE CLEAN ELECTION ACT CANDIDATES
FOR THE LEGISLATURE

(Please Complete ALL Entries)

Name of CANDIDATE William Walcott

Mailing address 12 Horton St.

City, zip code Lewiston 04240

Telephone number 207 785 4059 Fax _____ E-mail mainewill@earthlink.net

Office Sought Rep. to Legislature District Number 72

Name of TREASURER SAME

Mailing address _____

City, zip code _____

Telephone number _____ Fax _____ E-mail _____

CHECK IF CHANGED
SINCE PREVIOUS
REPORT ☐

CHECK IF CHANGED
SINCE PREVIOUS
REPORT ☐

Type of Report

Due Date

Dates of Reporting Period

☐ 6-Day Pre-Primary

June 7, 2006

Last report (if any) - June 1, 2006

☐ 42-Day Post-Primary

July 26, 2006

June 2, 2006 - July 18, 2006

☐ 6-Day Pre-General

November 1, 2006

July 19, 2006 - October 26, 2006

☒ 42-Day Post-General

December 19, 2006

October 27, 2006 - December 12, 2006

☐ Amendment to: _____

☐ Other (specify): _____

☐ Check if campaign had no activity for the reporting period (no other pages are required)

I CERTIFY THAT I HAVE EXAMINED THIS REPORT AND TO THE BEST OF MY KNOWLEDGE IT IS TRUE, CORRECT AND COMPLETE.

William Walcott

Treasurer's Signature

12/15/06

Date

William Walcott

Candidate's Signature

12/15/06

Date

William Walcott

CANDIDATE'S FULL NAME

**SCHEDULE B
EXPENDITURES**

Page 1 of 1
(Schedule B only)

- Enter the date, payee, expenditure type, and amount for each expenditure made during the reporting period.
- For expenditure types which require a remark, enter a description of the goods and services purchased.
- Expenditures made with a candidate's or an authorized individual's personal funds must be reimbursed within the same reporting period as the expenditure. Enter the vendor as the payee and the purchase date. Report the name of the individual who made the payment in the remarks section.
- Only enter expenditures that have actually been paid. Enter unpaid debts and obligations on Schedule D.

Expenditure Types Requiring <u>NO</u> Remark		Expenditure Types Which <u>REQUIRE</u> Remark	
PRT	Print media ads	SAL	Campaign workers' salaries
TVN	TV or cable ads, production costs	CNS	Campaign consultants
RAD	Radio ads, production costs	PRO	Other professional services
LIT	Campaign literature (printing and graphics)	EQP	Equipment
POS	Postage for U.S. Mail	FND	Fundraising events
MHS	Mall house (all services purchased)	TRV	Travel (fuel, mileage, lodging, etc.)
PHO	Phone banks, automated telephone calls	OTH	Other
FOD	Food for campaign events, volunteers		
OFF	Office rent and utilities		
WEB	Internet and e-mail		
POL	Polling and survey research		
RTA	Return of authorized MCEA funds		
RTU	Return of unauthorized MCEA funds		

DATE EXPENDITURE MADE	NAME OF EACH PAYEE	EXPENDITURE TYPE (use code from above)	REMARK (If the expenditure type requires a remark, describe all goods and services purchased)	AMOUNT
10/30/06	Curry Printing	LIT	Lit drop flyer	543.37
10/30/06	Curry Printing	LIT	2nd mailing ^{to} Indep.	432.07
10/31/06	USPS	POS	Postage for mailing	468.00
Total expenditures (this page only) => (combined totals from all Schedule B pages must be listed on Schedule F, line 5)				1443.44

William Walcott
CANDIDATE'S FULL NAME

12/19/06
DATE SUBMITTED

**SCHEDULE F
SUMMARY SECTION
(MAINE CLEAN ELECTION ACT CANDIDATES)**

This page is required for all candidates except those checking the no-activity box on the cover page of the report. The cash balance on line 6 must match the cash balance in the campaign's bank account as of the last day of this reporting period.

CASH ACTIVITY

1. CASH BALANCE FROM LAST REPORT (if any)

3384.00

2. MAINE CLEAN ELECTION ACT FUNDS RECEIVED THIS PERIOD (see payment letter)

+

0

3. SALE OF CAMPAIGN PROPERTY THIS PERIOD (Schedule E, Part II)

+

0

4. OTHER CASH RECEIPTS THIS PERIOD (interest, etc.)

+

0

5. MINUS TOTAL EXPENDITURES THIS PERIOD (total of all Schedule B pages)

-

1443.44

6. CASH BALANCE AT CLOSE OF PERIOD (lines 1 + 2 + 3 + 4 - 5)

=

1940.56

7. CASH NOT AUTHORIZED TO SPEND (see payment letter)

0

8. CASH AUTHORIZED TO SPEND (line 6 - 7)

1940.56

OTHER ACTIVITY THIS REPORTING PERIOD

9. TOTAL UNPAID DEBTS AT CLOSE OF PERIOD (total all Schedule D pages)

0

For Commission
use only

data entry _____

proofread _____

follow-up _____

STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES

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Website: www.maine.gov/ethics

Electronic Filing: www.mainecampaignfinance.com

2006 CAMPAIGN FINANCE REPORT
MAINE CLEAN ELECTION ACT CANDIDATES
FOR THE LEGISLATURE

(Please Complete ALL Entries)

Name of CANDIDATE WILLIAM R. WALCOTT

Mailing address 12 HORTON ST.

City, Zip Code Lewiston ME 04240

Telephone number (207)783-4059 Fax _____ E-mail mainewill@earthlink.net

Office Sought REPRESENTATIVE District Number 72

CHECK IF CHANGED
SINCE PREVIOUS
REPORT

Name of TREASURER WILLIAM R. WALCOTT

Mailing address 12 HORTON ST.

City, Zip Code LEWISTON ME 04240

Telephone number (207)783-4059 Fax _____ E-mail mainewill@earthlink.net

CHECK IF CHANGED
SINCE PREVIOUS
REPORT

Type of Report	Due Date	Dates of Report Period
6-DAY PRE-GENERAL	11/01/2006	7/19/2006 - 10/26/2006

- ☐ Amendment to: _____
- ☐ Other (specify): _____
- ☐ Check if campaign had no activity for the reporting period (no other pages are required)

I CERTIFY THAT I HAVE EXAMINED THIS REPORT AND TO THE BEST OF MY KNOWLEDGE IT IS TRUE, CORRECT AND COMPLETE.

SIGNATURE ON FILE	11/1/2006	SIGNATURE ON FILE	11/1/2006
Treasurer's Signature	Date	Candidate's Signature	Date

WILLIAM R. WALCOTT

(Schedule B Only)

CANDIDATE'S FULL NAME

SCHEDULE B EXPENDITURES

- Itemize each expenditure made during the reporting period.
- Enter the date, payee, expenditure type, and amount for each expenditure.
- For expenditure types which require a remark, enter a description of the goods and services purchased.
- Only enter expenditures that have actually been paid. Enter unpaid debts and obligations on Schedule D.

Expenditures paid with non-campaign funds: Whenever an expenditure is made on behalf of a candidate with funds other than campaign funds, the campaign **must** reimburse that expenditure with campaign funds. Following the instructions above, enter the information for the vendor that actually provided the goods or services. In the remarks section, include the name of the person reimbursed and any other required remarks.

Expenditure Types Requiring <u>NO</u> Remark		Expenditure Types Which <u>REQUIRE</u> Remark	
PRT	Print media ads	SAL	Campaign workers' salaries
TVN	TV or cable ads, production costs	CNS	Campaign consultants
RAD	Radio ads, production costs	PRO	Other professional services
LIT	Campaign literature (printing and graphics)	EQP	Equipment
POS	Postage for U.S. Mail	FND	Fundraising events
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PHO	Phone banks, automated telephone calls	OTH	Other
FOD	Food for campaign events, volunteers		
OFF	Office rent and utilities		
WEB	Internet and e-mail		
POL	Polling and survey research		
RTA	Return of authorized MCEA funds		
RTU	Return of unauthorized MCEA funds		

DATE EXPENDITURE MADE	NAME OF EACH PAYEE	EXPENDITURE TYPE (use code from above)	REMARK (if the expenditure type requires a remark, describe all goods and services purchased)	AMOUNT
8/4/2006	CURRY PRINTING	LIT		437.00
9/20/2006	CURRY PRINTING	LIT		268.00

Page 2 of 2

9/20/2006	CURRY PRINTING	LIT		395.00
10/2/2006	USPS	POS		390.00
Total expenditures(this page only) ⇨ <i>(combined totals from all Schedule B pages must be listed on Schedule F,line 5)</i>				1,490.00

Page 1 of 1

09/13/2007

Date Submitted

WILLIAM R. WALCOTT

CANDIDATE'S FULL NAME

**SCHEDULE F
SUMMARY SECTION
(MAINE CLEAN ELECTION ACT CANDIDATES)**

CASH ACTIVITY		
	TOTAL FOR THIS PERIOD	TOTAL FOR CAMPAIGN
1. CASH BALANCE FROM LAST REPORT (if any)	4,874.00	
2. MAINE CLEAN ELECTION ACT Payments	+ 0.00	4,874.00
3. SALE OF CAMPAIGN PROPERTY (Schedule E, Part II)	+ 0.00	0.00
4. OTHER CASH RECEIPTS (Interest, etc.)	+ 0.00	0.00
5. MINUS TOTAL EXPENDITURES (total of all Schedule B pages)	- 1,490.00	1,490.00
6. CASH BALANCE AT CLOSE OF PERIOD (lines 1 + 2 + 3 + 4 - 5)	= 3,384.00	
7. CASH NOT AUTHORIZED TO SPEND	0.00	
8. CASH AUTHORIZED TO SPEND (line 6 - 7)	3,384.00	

OTHER ACTIVITY THIS REPORTING PERIOD		
9. TOTAL UNPAID DEBTS AT CLOSE OF PERIOD (total all Schedule D pages)	0.00	

DATE PRINTED:

9/13/2007

6-Day Pre-General

LAW OFFICES OF
HORNBLOWER LYNCH RABASCO & VAN DYKE, P.A.

261 ASH STREET

P. O. BOX 116

LEWISTON, MAINE 04243-0116

PHONE: (207) 786-6641

FAX: (207) 786-6643

SEP - 5 2007

Donald S. Hornblower, Esq.
Scott J. Lynch, Esq.
Edward Rabasco, Jr., Esq.
David J. Van Dyke, Esq.

September 4, 2007

Jonathan Wayne
State of Maine
Commission on Governmental Ethics
And Election Practices
135 State House Station
Augusta ME 04333-0135

RE: William Walcott

Dear Jonathan :

Further to our meeting in Augusta and our telephone conversation of this afternoon, enclosed herewith please find Mr. Walcott's reimbursement check in the amount of \$2,933.44 made payable to the Fund.

Thank you for your attention to the enclosed.

Very truly yours,

David J. Van Dyke, Esq.

SUPPORT DEFENDERS OF WILDLIFE

William Walcott
12 Horton St.
Lewiston, ME 04240
207-783-4039

DATE

9/4/07

1475

PAY TO THE
ORDER OF

Maine Clean Election Fund

\$ 2,933.44

Two thousand nine hundred thirty-three and 44/100

DOLLARS

MAINE FAMILY FEDERAL CREDIT UNION
555 SABATTUS STREET
LEWISTON, ME 04240
800-783-2071
WWW.MAINEFAMILYFCU.COM

FOR

NCE = return

Witt Walcott

MT